

The Honorable Karen A. Overstreet  
Chapter 11  
Hearing Date: December 6, 2013  
Hearing Time: 9:30 am

UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

In Re  
**CLI HOLDINGS, INC. dba ALYDIAN**  
Debtor.

Case No. 13-19746-KAO

**OBJECTION TO DEBTORS'  
MOTION TO REJECT  
EXECUTORY CONTRACTS**

Soule Investments, LLC (“Soule”), by and through its undersigned counsel, hereby files this Objection (“Objection”) to Debtor’s Motion to Reject Executory Contracts (Dkt. No. 12) (“Motion”), specifically as to the Bitcoin Services Agreement attached as Exhibit E thereto (which exhibit was replaced as provided in an Amended Declaration of Peter Vessenes in Support of Motion to Reject Executory Contracts, Dkt. No. 22) (“Soule Agreement”), which contract is listed as “Presale Service Agreements.”

The Court should deny the Motion because the Soule Agreement is not an executory contract. This Objection is supported by the Declaration of John Zwick in Support of Soule Investment's Objection to Motion to Reject Executory Contracts.

In support of this Objection, Soule states as follows:

## I. BACKGROUND

The Soule Agreement requires Debtor to employ commercially reasonable efforts to mine

OBJECTION TO DEBTOR'S MOTION TO REJECT EXECUTORY  
CONTRACTS - (No. 13-19746-KAO) - 1  
4835-1032-6551.01  
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Seattle, Washington 98154-1192  
206.624.3600

1 and deliver bitcoins. At the time of Debtor's filing of its bankruptcy, Soule had performed its  
2 obligations under the Soule Agreement. However Debtor had not performed its obligations.

3 **II. ARGUMENT AND AUTHORITY**

4 The Motion should be denied because the Soule Agreement is not an executory contract  
5 and is therefore cannot be rejected by the Debtor.

6 Debtor's motion cites *In re Coast Trading* as the proper judicial test to determine whether  
7 a contract is executory and may be rejected. Under the case relied upon by Debtor, an executory  
8 contract is one "under which the obligations of both the bankrupt and the other party to the  
9 contract are so far unperformed [at the date of filing] that the failure of either to complete  
10 performance would constitute a material breach excusing the performance of the other." *In re*  
11 *Coast Trading Company, Inc.*, 744 F.2d 686, 692 (9<sup>th</sup> Cir. 1984). The Soule Agreement is a  
12 contract that has been fully executed and performed by Soule at the time of filing; and the only  
13 continuing obligations under that contract are on one side, with the Debtor. Soule's only  
14 obligation under the Soule Agreement was to pay Debtor. These payments had already been  
15 paid in full when the Debtor filed its bankruptcy petition.

16 At the time of the Debtor's filing, Soule had performed all of the obligations called for by  
17 the Soule Agreement. As a result, the Soule Agreement is not an executory contract.

18 **III. CONCLUSION**

19 Based on the foregoing, Soule respectfully requests that the Court deny Debtor's Motion  
20 to Reject Executory Contracts as such Motion applies to Soule.

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DATED this 27<sup>th</sup> day of November, 2013.  
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RIDDELL WILLIAMS P.S.

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By /s/ Robert N. Amkraut  
Robert N. Amkraut, WSBA #27412  
Daniel S. Friedberg, WSBA #28417  
Attorneys for Soule Investments, LLC

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